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ANOTHER ANNUAL REPORT TO THE SHAREHOLDERS OF CENTRAL NATIONAL BANK OF CLEVELAND • FOR 1946

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THE COVER

A bank is like an irrigation dam. Money deposited with the bank becomes a reservoir of purchasing power and credit, released for the benefit of the community and its citizens—through constructive loans to business, to industry, and to individuals and their families.

Annual Report to Shareholders

YEAR

1946

CENTRAL NATIONAL BANK OF CLEVELAND
CLEVELAND 1, OHIO

THE ANNUAL REPORT

TO SHAREHOLDERS AT THEIR

57TH ANNUAL MEETING

CLEVELAND, OHIO

JANUARY 14, 1947

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THIS FIFTY-SEVENTH ANNUAL MEETING of stockholders brings with it the opportunity to review the progress of the bank during the past year, and to present in detail the usual statistical information pertaining to operations.

Here was the first year since 1930 when the world was not torn by economic depression or warfare. It was a period of adjustment from violent upheaval, the uphill work on all fronts being that of regaining political, economic and social stability.

Within the scope of our work, we were able to make decisions that we believe will be patterns from which we will build our business for a long time.

Of major importance was the decision made on the location of the future home of the bank's headquarters office. Announcement of the plan to move from our present location into the Midland Building banking quarters, and, at the same time, build a new structure at 509 Euclid Avenue as our Euclid Avenue Office, met with response which indicates popular approval. During 1947 we will make headway in the completion of these plans, but the date of moving still remains uncertain.

The continuing study of human relations within our organization resulted in other important decisions. These included the re-employing of the personnel of the staff who had borne arms in military service, and giving effect to job evaluation. Also, after many years of work on the subject, and based upon recommendations of Directors of the bank, conclusion was reached that the best interests of all concerned would be served with the adoption of a retirement and pension plan. In this plan, which is being submitted to you for approval, we conform to the policy and practice of other banks like ours where the benefits to those to be retired and the advantages to those who are coming along in the organization are conspicuously evident. Provisions made for retirement for everyone reaching age sixty-five, and for setting up the pension fund, are to be arranged happily for those affected, and adequately for the smooth running of the plan.

REPORT ON OPERATIONS AND FINANCIAL CONDITION

Summarizing what took place during 1946, it is gratifying to report that the year ended with net earnings at a satisfactory amount, although slightly less than the year before. Expenses of all kinds increased constantly and this without benefit of any appreciable advance in the rate of income.

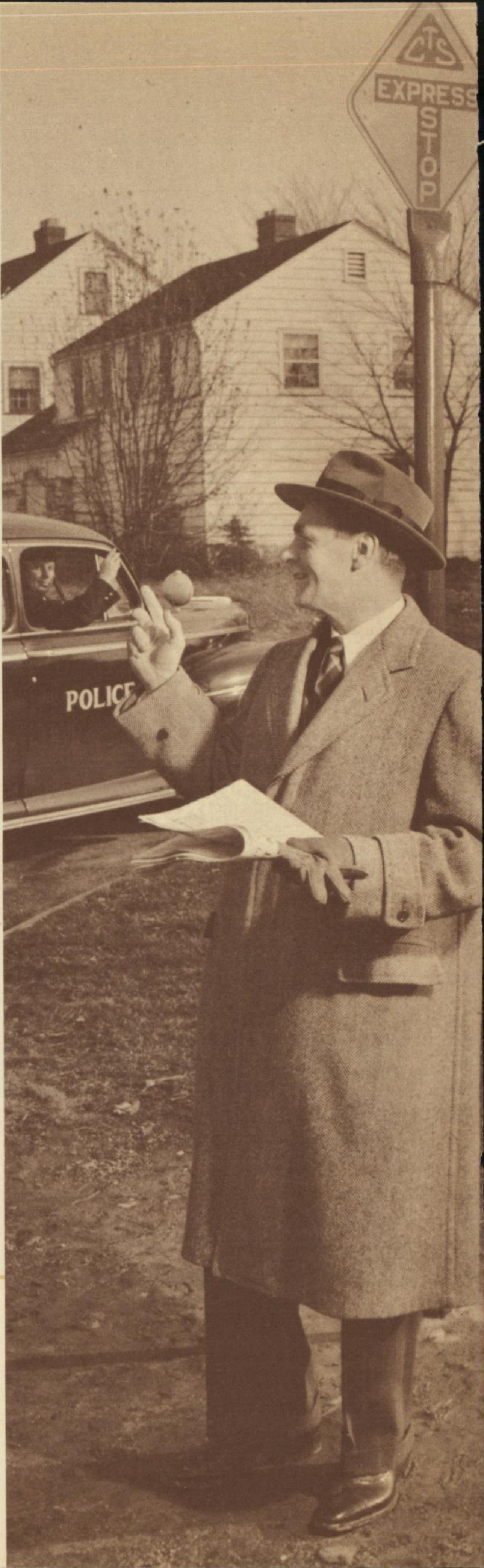
Some of the changes which have taken place in the financial condition of the bank during 1946 are: First, the War Loan Account decreased approximately $75 million, due largely to the debt retirement program of the U. S. Treasury. This decrease was accommodated by the sale of $73 million in U. S. Government securities. Loans increased $20 million, of which $12 million was in the Commercial Banking Department and $8 million in the Real Estate Mortgage Loan Department. Time and Demand deposits increased $12 million and $16 million, respectively, for a total of

The Bank Helps the Citizen Play

His Several Economic Roles

The bank, with its trust department and other services, is in a key position to serve the citizen in his various economic roles. The bank is the focal point in the economic life of the community. The bank contributes to the financial needs of the individual, as well as to the balanced flow of income and profits, pay rolls and purchases of the business enterprise on which the well-being of the community is based.

Citizen . . . *consumer, producer, borrower, lender, depositor, property owner . . .*



$28 million. This reflected the expansion of our services to more depositors and customers and, in part, the increase in commercial loan activity. Noteworthy is the fact that the deposit item War Loan Account, which requires no reserves, decreased during 1946 while privately owned deposits, which continued to expand, increased our reserve requirement.

Perhaps most important of all changes which took shape during the year, the capital funds, including reserves, increased $1 million, resulting from total net earnings in excess of $1,800,000, after preferred stock dividends and income taxes, less retirement of $600,000 of preferred stock and dividends on common stock amounting to $200,000.

Gross income from operations, which increased $456,000 during the year, was obtained, 38.7% from loans, 41.7% from U. S. Government securities, 7.3% from trust fees, and 12.3% from miscellaneous income. Gross expenses increased $493,000, after giving effect to an increase of $5,000 in provision for income taxes on operating revenue and also after giving effect to a reduction of $17,000 in preferred stock dividend. The difference in these increases is $37,000 which represents the reduction in net operating revenue in 1946 over that of 1945. More than 40% of the increased operating expense is represented by upward adjustment in non-executive salaries. The balance of the increase in the expense account is largely accounted for in the increase in deposit tax, federal deposit insurance premiums and the increase in interest paid on the increased savings deposits volume.

REPORT ON EARNINGS

Net earnings from operations for the year, after providing adequate reserves for taxes (excluding income taxes), interest and accrued expenses amounted to $1,654,976 or $6.62 per common share. Payment and accrual of dividends on preferred stock were in the amount of $256,956, equivalent to $1.03 per common share. Income taxes amounting to $375,000, or $1.50 per common share, were accrued on net operating earnings. The net operating earnings, therefore, were $1,023,020, or $4.09 per share, compared with $4.24 per share for 1945. In addition, there were non-recurring earnings from recoveries amounting to $297,193, and bond profits amounting to a total of $675,143. Income taxes estimated and accrued on these non-recurring additions were $170,000, the result being a net of $802,337, or $3.21 per share, compared with $3.60 per share for 1945. Thus, earnings from all sources amounted to $1,825,357, or $7.30 per share. In 1945, the corresponding figure was $7.84 per share.

Of this amount, $856,489 was transferred to the reserves; and $968,868 to undivided profits and preferred stock retirement fund. Two dividends totaling $200,000 were paid to common shareholders during the year, the first in February and the second in August, and this sum was charged to the undivided profits account.

THE CONSUMER

and the Bank

The bank helps the consumer buy merchandise, equipment and real estate when and as he desires; it provides personal loans and finances installment buying; and it facilitates the orderly production and marketing of goods and services by loans to business and other producers. Back of every new invention, every improvement in economic efficiency, there is usually one or many bank loans making the development possible.

Wafers
COMPANY

. . . customer of merchants and industry, service establishments . . . indirectly *a consumer of the machines and equipment used by manufacturers, farms, mines and transportation . . .*

Recoveries, including interest thereon, are substantially less than recoveries in 1945, very definitely giving evidence to the fact the bank is approaching the end of its realization on non-book assets previously charged off. There are but few remaining assets in this category and further recoveries will be relatively minor.

There are no known losses among our assets. In 1946, there was charged to reserves a total of $23,892, a substantial portion of which will be recovered and returned to the reserves of the bank.

During the year, $100,000 was charged to Operating Expenses and reserved for expenses anticipated in connection with the relocation of the Main Office and for improvement or establishment of other offices.

CASH AND SECURITIES

Cash and due from banks total $84,730,007, which is 24.56% of deposits as compared with 19.52% at the close of last year. Total securities owned are as follows:

U. S. Government Securities: under 1 year	23.51%	$ 39,729,408.54
from 1 to 4 years	2.41%	4,077,232.26
from 5 to 9 years	41.02%	69,332,576.16
10 years and over	31.52%	53,262,152.21
Total U. S. Government Securities	98.46%	$166,401,369.17
Municipal Securities	.03%	51,000.00
Corporate Securities	1.51%	2,546,231.82
Total Other Securities	1.54%	$ 2,597,231.82
Total	100.00%	$168,998,600.99
Federal Reserve Bank Stock		450,000.00
Total Securities		$169,448,600.99

The present market value of these securities is approximately $2,500,000.00 in excess of the book value.

LOANS AND DISCOUNTS

The loan portfolio at the year end is divided into the following classifications:

Collateral Loans	$ 42,900,558.57
Unsecured Loans	36,148,963.97
Mortgage Loans	28,371,913.80
Acceptances	1,723,447.30
Total	$109,144,883.64

THE PRODUCER

and the Bank

A bank provides a manufacturer with the additional working capital required to stabilize his business—to make seasonal purchases and to finance manufacturing operations. This means steady pay roll payments for more employees, more income for suppliers, new business for distributors. Similar financial help is provided for the merchant, the service industries, and the health, protective and educational services of the community.

. . . toolmaker, manager, draftsman, foreman, messenger, farmer, salesman, director, brakeman, teacher, lawyer, postman, clerk, miner . . .

COMMERCIAL LOANS

Secured and unsecured loans to individuals, corporations and partnerships, and consumer credit loans, increased $12 million during the year; practically all of the increase coming in the last six months. Loans to war industries, carrying the guarantee of the Army, Navy and Maritime Commission, have been paid entirely and all of the commitments on this type of loan cancelled. Consumer credit and personal loans have experienced large increases, the volume running far ahead of any pre-war peak. As consumer goods develop into greater supply, there will be further increases in this type of lending.

REAL ESTATE MORTGAGE LOANS

The dollar total of real estate mortgages owned, and the number of loans, increased throughout the year. The total of $28,371,913 is an increase of $7,737,330 and is represented by 6,203 mortgages averaging $4,573 per mortgage. Of this total, 2,441 were FHA insured loans totaling $13,028,462 and 3,762 were conventional loans totaling $15,343,451. We have experienced a substantial increase in funds to be used for real estate mortgage loans and we are eager to make them more and more available for these purposes. Payments which reduce mortgage loans have continued at a record rate. It has been difficult to increase our portfolio and, at the same time, maintain standards which we follow in arranging mortgage loans. We have been able to acquire desirable FHA insured mortgages on the market and this accounts for a considerable portion of the increase shown. When residential building expands, as it will when materials are in greater supply, we expect to experience increasing demand for mortgage money.

BANKING PREMISES ACCOUNT

The reduction of $61,829 in this account, during the year, represents depreciation at the allowable rates for income tax purposes. There have been no additions to this account during the year. Reference is made elsewhere in this report to the location of the future home of the headquarters office. The shareholders will be advised from time to time as our development plan takes form and the actual moving dates are determined.

The bank continues to operate 11 branches, with plans for the opening of the new Shore-Center Office in Euclid, Ohio, being delayed as the result of the building material situation. Opening of this new and important office probably will be delayed until late winter or early spring. The removal of the Lorain-Denison Office from its present location to Lorain-West 117th has also been delayed by inability of the owner of the building to complete alterations and it is not expected that we will be able to occupy the new site until some time in March.

THE BORROWER

and the Bank

Bank loans are the great economic lubricant of our society. They facilitate the orderly flow of business and smooth out the problems of individuals. Loans rest on the good credit of the borrower. Banks urge their customers to establish their credit—to show, through the management of their affairs, that they are thrifty, prudent and fair dealing. Borrowing is an economic exchange of benefits, maintained on a sound basis by the experience and judgment of the banker.

. . . user of retailers' charge accounts, of personal loans and mortgage loans, of installment financing . . . indirectly benefits from business loans and lines of credit . . .

PERSONAL
· LOAN ·
APPLICATIONS

DEPOSITS

Total deposits decreased $47 million during the year. This is the net of a decrease of $75 million in the War Loan Account and an increase of $28 million in other deposits. Demand deposits increased $16 million and time deposits continued their constant increase to the extent of $12 million. Demand deposits represent 67.76% of the total and time deposits represent 32.24% of the total.

CAPITAL ACCOUNT

The capital structure on December 31, 1946, shows an increase of $1,001,465, and is as follows:

Preferred Stock—350,000 Shares—Par Value $16.00	$ 5,600,000	
Reserve for Excess Retirable Value ($8.00 per share)	2,800,000	
Total Preferred Capital		$ 8,400,000
Common Stock—250,000 Shares—Par Value $20.00	$ 5,000,000	
Surplus	4,400,000	
Undivided Profits and Preferred Stock Retirement Fund	838,530	
Total	$10,238,530	
Reserves	1,336,813	
Total Common Capital		11,575,343
Total Capital Accounts		$19,975,343

During 1946, 25,000 shares of preferred stock having a retirable value of $600,000, were retired. Par value of the outstanding preferred stock was reduced $400,000. The difference between the par value and the retirable value amounted to $200,000, and was charged to preferred stock retirement fund. The surplus account increased $400,000 by a transfer of a like amount from the preferred stock retirement fund (which was the par value of the preferred stock retired).

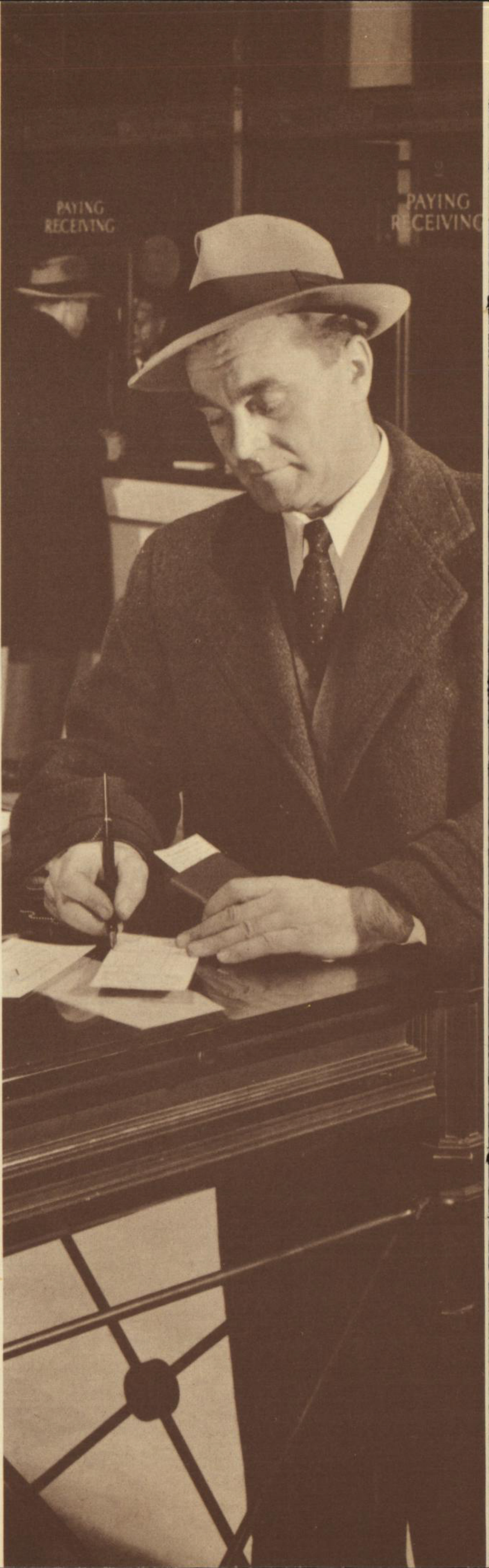
Following this preferred retirement, reserve accounts were charged $2,800,000, the amount of the unpaid premium on the remaining outstanding stock. This amount was used to establish a special reserve, thereby enabling the bank to state its preferred stock at the total retirable value. This transfer in no way affected the equity of the shareholders. It clarified the preferred stock position and, in the future, as retirements are made, will permit the transfer from the preferred stock retirement fund to the surplus account of the full amount of any or all preferred shares retired from the Retirement Fund. At the proper time, and at as early a date as practicable, application will be made to the supervising authorities and the owners of the preferred stock to amend the Articles of Association (subject to the approval of shareholders) to increase the par value of the preferred stock to a figure representing its retirable value, thereby consolidating the par value and the excess retirable value into a new par value figure.

THE DEPOSITOR

and the Bank

Money is the fuel of our economic machine. When a person makes a deposit in his savings or checking account, the money is safe; it is protected by the long years of experience and successful operation of banks like Central National, and, in addition, deposits are insured (up to $5000) by the Federal Deposit Insurance Corporation, of which the bank is a member. Through loans, these protected funds of yours go to work in productive enterprise and make their contribution to the enlarged economic resources of the nation.

. . . through his deposits, he is a contributor to a vital reservoir of credit and finance. Banking makes these funds available to individuals, business and institutions . . .



The equity of common shareholders was increased $1,601,465 during the year:

Net Operating Profit (After Federal Income Tax Provision)		$1,023,020
Net Non-Recurring Profit (After Federal Income Tax Provision)		802,337
Total Net Earnings		$1,825,357
Less		
Dividend on Common Stock	$200,000	
Amounts Written Off	23,892	
Total Deductions		223,892
Increase		$1,601,465
Increase per Common Share		$ 6.41

DIVIDENDS

During 1946 the dividend on the common stock was increased from 60c per share to 80c per share. The requirement upon the bank to set aside a portion of its earnings for the retirement of preferred stock continues. Likewise, there continues the need for increasing common capital structure.

Your management is of the opinion that as long as the present level of net operating income is being realized, common dividends may be somewhat increased and will recommend accordingly. It is to be understood again that, as the bank continues to grow, it will be necessary to keep plowing back earnings to maintain proper capital-to-deposit ratios and also to provide adequate and additional capital to support the increasing loan total.

The matter of accelerating preferred stock retirement with funds derived from increased common structure, resulting from new and additional common shares, is under constant study. While certain plans were designed toward this accomplishment early in the past year, unsettled market conditions, prior to adoption of a definite plan acceptable to supervising authorities and Directors, resulted in postponement for the time being. Whenever definite plans are formulated, the shareholders will be advised promptly of the recommendations of the Board of Directors. It must be kept in mind that our progress, including the retirement of preferred stock, has been accomplished in no small measure by the retention in the capital structure of a substantial portion of the bank's earnings.

* * *

We take this occasion to express appreciation for the co-operation of all persons identified with us through employment or otherwise. Their spirit, so clearly evident in countless ways the year 'round, is the basis of all our progress.

Respectfully,

JOHN C. McHANNAN
Chairman

LORING L. GELBACH
President

January 14, 1947

THE PROPERTY OWNER

and the Bank

The bank encourages thrift and sound investments of all kinds. It publicizes the advantages of savings accounts, facilitates home ownership by conveniently arranged mortgage loans, provides time-credit for improvements and repairs to residential and commercial buildings, advises depositors on their investment program, and enters into trust agreements for the protection of estates and the management of funds.

. . . homeowner, has savings account, owns company stock, savings bonds, home furnishings and equipment, car, life insurance . . .

CONDENSED STATEMENT OF CONDITION

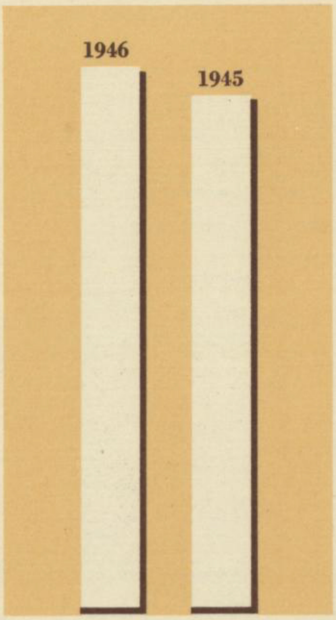
ASSETS	December 31, 1946		December 31, 1945	
Cash in Vault and Due from Banks		$ 84,730,007.39		$ 76,578,721.70
U. S. Government Obligations		166,401,369.17		239,654,962.33
Other Bonds and Securities, Including Stock of Federal Reserve Bank		3,047,231.82		2,735,415.73
Loans and Discounts		109,144,883.64		89,828,152.35
Customers' Liability under Acceptances and Letters of Credit Outstanding (Net)		6,271,640.30		3,246,795.61
Banking Premises		2,376,271.75		2,438,101.51
Accrued Interest and Other Assets		668,324.96		1,081,045.49
		$372,639,729.03		$415,563,194.72
LIABILITIES				
Deposits:				
Demand	$223,696,620.50		$207,156,799.86	
Time	111,236,901.05		99,458,896.57	
U. S. Government War Loan Account	10,042,155.84	$344,975,677.39	85,713,230.84	$392,328,927.27
Acceptances and Letters of Credit Outstanding (Net)		6,271,640.30		3,246,795.61
Accrued Interest, Taxes, Preferred Dividend, etc.		1,417,067.61		1,013,593.64
Preferred Capital:				
Preferred Stock—350,000 Shares, Par Value $16	$ 5,600,000.00		$ 6,000,000.00	
Reserve for Excess Retirable Value—$8 per Share	2,800,000.00			
Total Preferred Capital	$ 8,400,000.00		$ 6,000,000.00	
Common Capital:				
Common Stock—250,000 Shares, Par Value $20	5,000,000.00		5,000,000.00	
Surplus	4,400,000.00		4,000,000.00	
Undivided Profits and Preferred Stock Retirement Fund	838,530.11		669,661.65	
Total	$ 10,238,530.11		$ 9,669,661.65	
Reserves	1,336,813.62		3,304,216.55	
Total Common Capital	$ 11,575,343.73		$ 12,973,878.20	
Total Capital Accounts		19,975,343.73		18,973,878.20
		$372,639,729.03		$415,563,194.72

United States Government obligations and other assets were pledged to secure trust deposits and public funds and for other purposes as required by law: at December 31, 1946—$39,131,261.66; at December 31, 1945—$110,128,700.77.

Member Federal Deposit Insurance Corporation

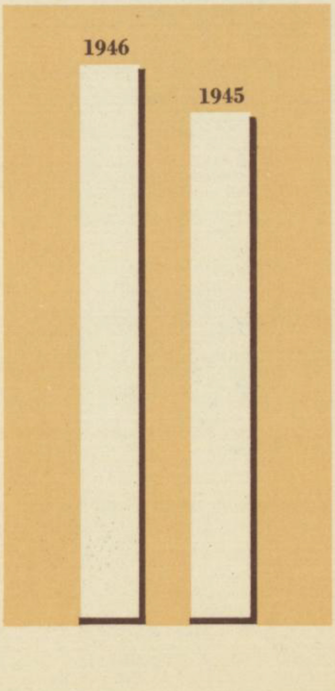
STATEMENT OF CURRENT EARNINGS

TOTAL OPERATING INCOME



OPERATING INCOME	1946	1945
Interest on Loans (After Amortization)	$2,725,351.57	$2,444,227.05
Interest on U. S. Securities (After Amortization)	2,854,969.81	2,768,635.60
Interest on Other Securities (After Amortization)	83,643.01	89,338.87
	$5,663,964.39	$5,302,201.52
Income from Bank Building Tenants	253,711.27	231,843.48
Trust Department Income	515,985.26	495,186.63
Service Charges	434,219.46	413,994.83
Other Income	171,805.53	140,025.15
TOTAL OPERATING INCOME	$7,039,685.91	$6,583,251.61

TOTAL OPERATING EXPENSES

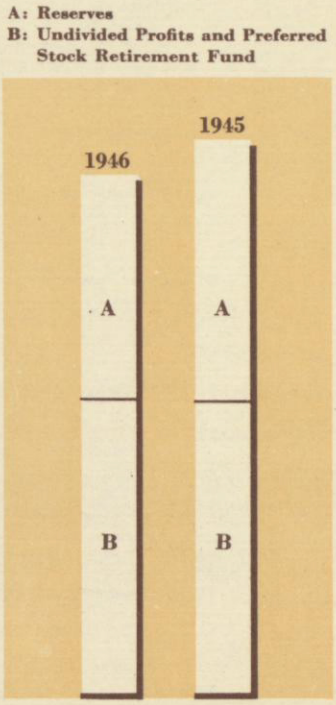


OPERATING EXPENSES	1946	1945
Interest on Time Deposits	$ 863,704.67	$ 738,213.68
Salaries and Wages	2,195,518.36	1,970,410.21
Occupancy Expenses (Including Real Estate Taxes)	585,839.69	546,089.07
Taxes (Other than Real Estate and Federal Income)	495,884.52	458,161.31
Federal Deposit Insurance	247,792.06	236,393.36
Other Expenses	995,969.77	930,529.56
TOTAL OPERATING EXPENSES	$5,384,709.07	$4,879,797.19

OPERATING PROFIT BEFORE DIVIDENDS AND INCOME TAX	1946	1945
	$1,654,976.84	$1,703,454.42
Deduct Provision for Dividend on Preferred Stock	256,956.17	273,649.31
Operating Profit Before Income Tax	$1,398,020.67	$1,429,805.11
Deduct Provision for Federal Income Tax on Operating Profit	375,000.00	370,000.00
Net Operating Profit	$1,023,020.67	$1,059,805.11
Profit on Securities Sold (Net)	675,143.16	272,400.34
Recoveries (Including Interest)	297,193.85	629,459.10
Deduct—Federal Income Tax on Non-recurring Earnings	170,000.00	——
Net Non-recurring Earnings	$ 802,337.01	$ 901,859.44
Total Net Earnings	$1,825,357.68	$1,961,664.55

TOTAL NET EARNINGS

DISTRIBUTION OF NET EARNINGS	1946	1945
To Reserves	$856,489.22	$ 938,883.62
To Undivided Profits and Preferred Stock Retirement Fund	968,868.46	1,022,780.93
Total	$1,825,357.68	$1,961,664.55



CAPITAL ACCOUNTS

SURPLUS

December 31, 1946	$4,400,000
December 31, 1945	$4,000,000

UNDIVIDED PROFITS AND PREFERRED STOCK RETIREMENT FUND

December 31, 1946	$838,530.11
December 31, 1945	$669,661.65

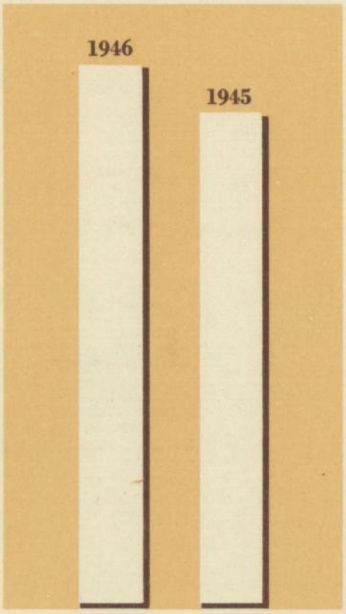
RESERVES ACCOUNT

December 31, 1946	$1,336,813.62
December 31, 1945	$3,304,216.55

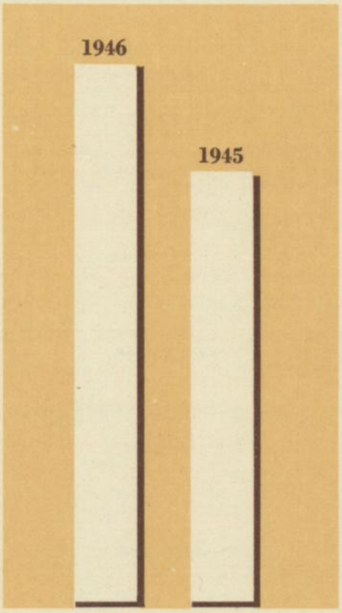
SUMMARY OF CAPITAL ACCOUNTS
(Including Reserves)

December 31, 1946	$19,975,343.73
December 31, 1945	$18,973,878.20

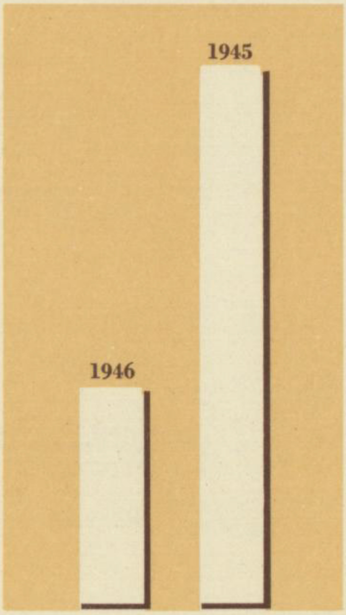
STATEMENT OF SURPLUS



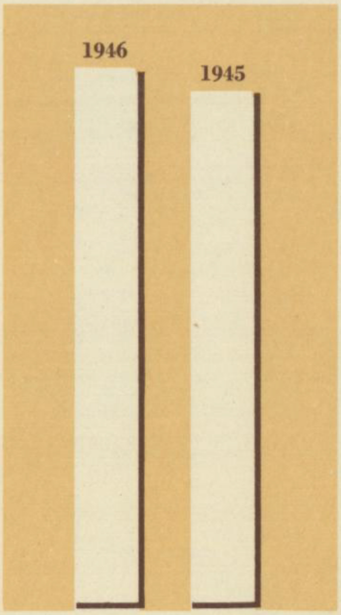
UNDIVIDED PROFITS



STATEMENT OF RESERVES ACCOUNT



SUMMARY OF CAPITAL ACCOUNTS (Including Reserves)



STATEMENT OF SURPLUS ACCOUNT

Balance Forward—January 1, 1946		$ 4,000,000.00
Additions		
Transferred from Undivided Profits and Preferred Stock Retirement Fund		400,000.00
Balance—December 31, 1946		$ 4,400,000.00

STATEMENT OF UNDIVIDED PROFITS ACCOUNT AND PREFERRED STOCK RETIREMENT FUND

Balance Forward—January 1, 1946		$ 669,661.65
Additions		
From Current Earnings		968,868.46
Total		$ 1,638,530.11
Deductions		
Premium on Preferred Stock Retired	$ 200,000.00	
Transferred to Surplus	400,000.00	
Dividends Paid on Common Stock	200,000.00	800,000.00
Balance—December 31, 1946		$ 838,530.11

STATEMENT OF RESERVES ACCOUNT

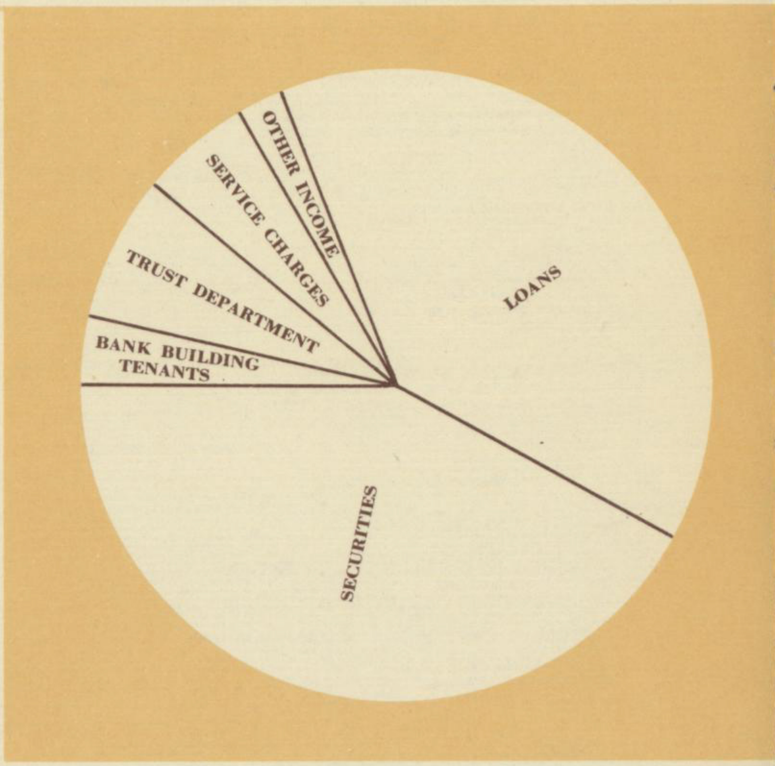
Balance Forward—January 1, 1946		$ 3,304,216.55
Additions		
Profit on Securities Sold (Net—After Taxes)	$ 506,380.24	
Current Earnings	54,152.21	
Recoveries (After Taxes)	295,956.77	856,489.22
Total		$ 4,160,705.77
Deductions		
Amounts Written Off	$ 23,892.15	
Transferred to Reserve for Excess Retirable Value of Preferred Stock	2,800,000.00	2,823,892.15
Balance—December 31, 1946		$ 1,336,813.62

SUMMARY OF CAPITAL ACCOUNTS
(Including Reserves)

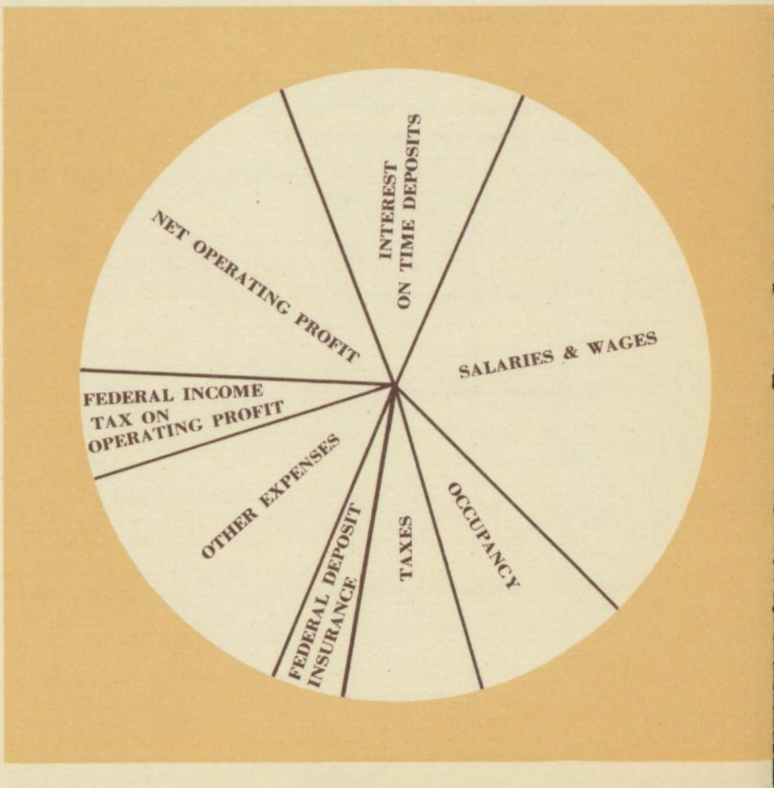
Total Forward—January 1, 1946		$18,973,878.20
Additions		
Total Net Earnings		1,825,357.68
Total		$20,799,235.88
Deductions		
25,000 Shares Preferred Stock Retired at Issue Price of $24 per Share	$ 600,000.00	
Dividends Paid on Common Stock	200,000.00	
Amounts Written Off	23,892.15	823,892.15
Total—December 31, 1946		$19,975,343.73

EARNING RATIOS

PER CENT OF TOTAL OPERATING INCOME



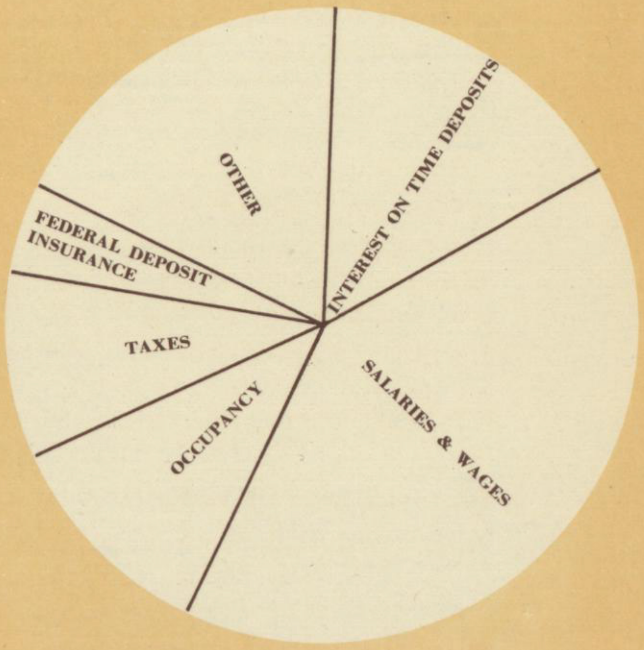
DISTRIBUTION OF OPERATING INCOME



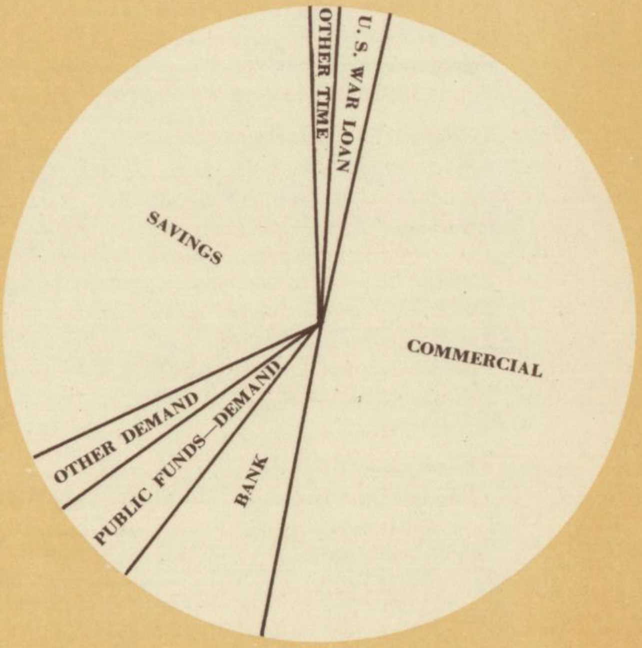
EARNINGS ON COMMON STOCK (Per Share)	**1946**	**1945**
Operating Profit Before Dividends & Income Tax	$ 6.62	$ 6.81
Deduct—Provision for Dividend on Preferred Stock	1.03	1.09
Operating Profit Before Income Tax	$ 5.59	$ 5.72
Deduct—Federal Income Tax on Operating Profit	1.50	1.48
Net Operating Profit	$ 4.09	$ 4.24
Profit on Securities Sold (Net)	2.70	1.09
Recoveries—Including Interest	1.19	2.51
Deduct—Federal Income Tax on Non-recurring Earnings	.68	——
Net Non-recurring Earnings	$ 3.21	$ 3.60
Total Net Earnings	$ 7.30	$ 7.84
Distribution of Net Earnings		
To Reserves	$ 3.42	$ 3.75
To Undivided Profits and Preferred Stock Retirement Fund	3.88	4.09
Total	$ 7.30	$ 7.84
BOOK VALUE PER COMMON SHARE (Including Reserves)		
Amount—January 1	$39.89	$32.81
Add—Total Net Earnings	7.30	7.84
Total	$47.19	$40.65
Deduct—Dividend on Common Stock	.80	.70
—Amounts Written Off	.09	.06
Amount—December 31	$46.30	$39.89
PER CENT OF TOTAL OPERATING INCOME		
Interest on Loans (After Amortization)	38.71%	37.13%
Interest on Securities (After Amortization)	41.74	43.41
Income from Bank Building Tenants	3.60	3.52
Trust Department Income	7.33	7.52
Service Charges	6.18	6.29
Other Income	2.44	2.13
Total Operating Income	100.00%	100.00%
Distribution of Operating Income		
Interest Paid on Time Deposits	12.27%	11.21%
Salaries and Wages	31.19	29.93
Occupancy Expense (Including Real Estate Taxes)	8.32	8.30
Taxes (Other than Real Estate and Federal Income)	7.04	6.96
Federal Deposit Insurance	3.52	3.59
Other Expenses	14.15	14.13
Total Expenses	76.49%	74.12%
Federal Income Tax on Operating Profit	5.33	5.62
Net Operating Profit	18.18	20.26
	100.00%	100.00%
AVERAGE RATE OF EARNINGS PER ANNUM (After Amortization)		
Total Loans (Discounts, Mortgage, Personal, etc.)	2.91%	2.84%
U. S. Securities	1.39	1.34
Other Securities	2.83	2.89
Total Securities	1.41	1.36
Total Loans & Securities	1.88	1.79

EXPENSE AND BALANCE SHEET RATIOS

OPERATING EXPENSES
PER CENT OF TOTAL



RATIOS TO TOTAL DEPOSITS



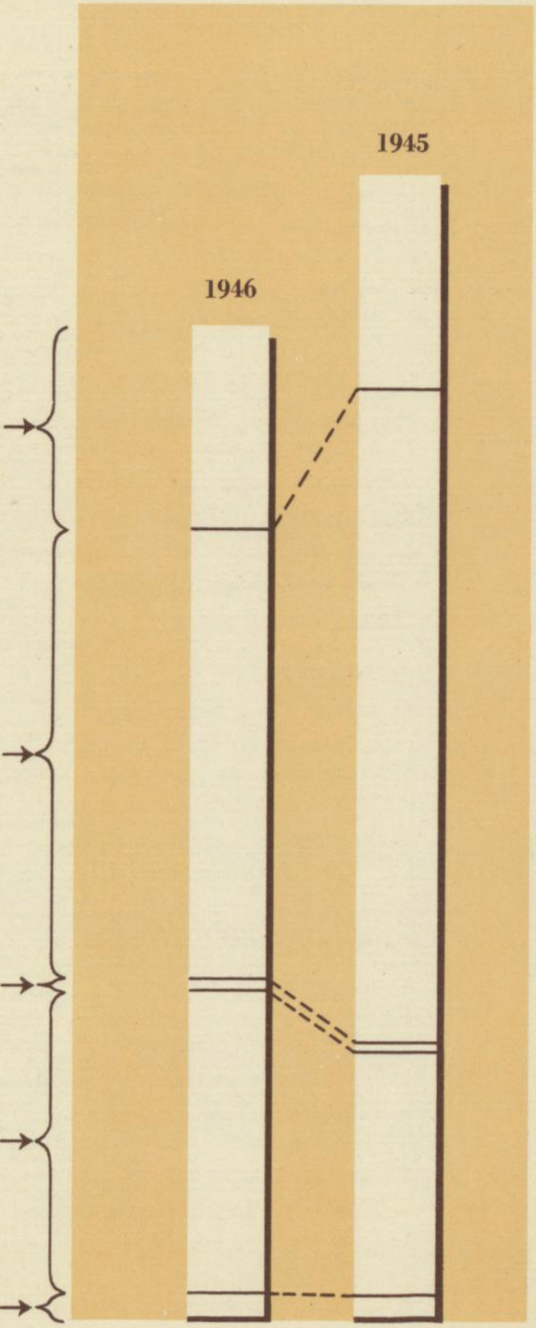
EXPENSES—PER CENT OF TOTAL	**1946**	**1945**
Interest Paid on Time Deposits	16.04%	15.13%
Salaries and Wages	40.77	40.38
Occupancy Expenses (Including Real Estate Taxes)	10.88	11.19
Taxes (Other than Real Estate and Federal Income)	9.21	9.39
Federal Deposit Insurance	4.60	4.84
Other Expenses	18.50	19.07
Total Expenses	100.00%	100.00%

ASSETS—PER CENT OF TOTAL		
Reserve—Federal Reserve Bank	12.07%	9.66%
Cash and Due from Banks	10.67	8.77
Total Cash and Due from Banks	22.74%	18.43%
Acceptances, Call Loans and Commercial Paper	.46	.14
Loans and Discounts	18.88	15.43
Time Credit Loans	2.33	1.08
Mortgage Loans	7.62	4.97
Total Loans	29.29%	21.62%
U. S. Securities	44.66	57.67
Other Bonds and Securities	.81	.66
Total Securities	45.47%	58.33%
Banking Premises	.64	.58
Acceptances and Letters of Credit	1.68	.78
Miscellaneous Assets	.18	.26
Total Assets	100.00%	100.00%

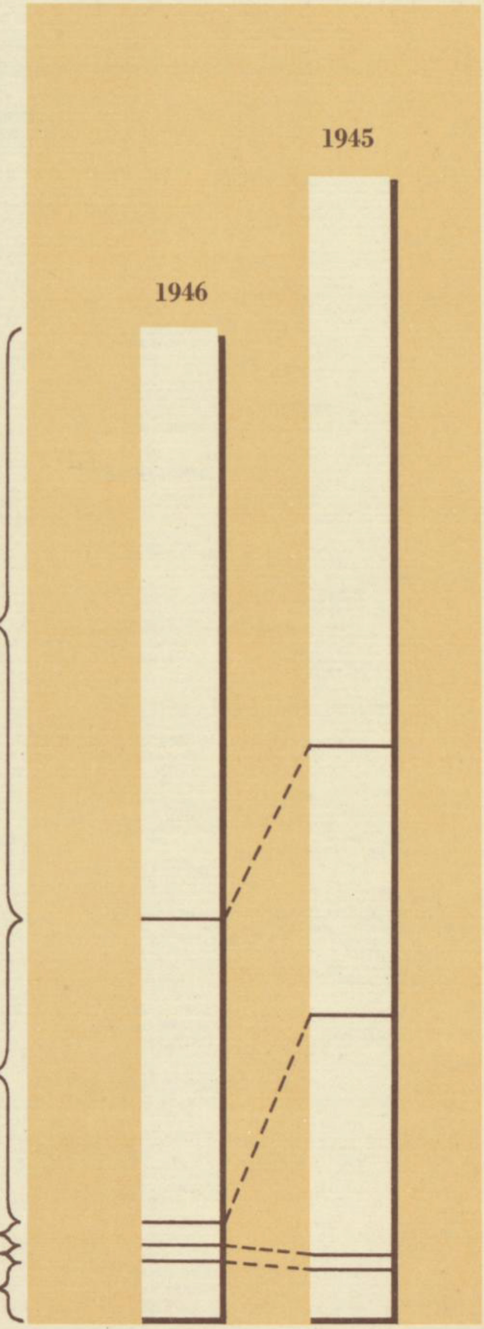
RATIOS TO TOTAL DEPOSITS		
Commercial	49.10%	39.37%
Bank	7.23	7.01
Public Funds—Demand	4.59	3.05
Other Demand Deposits	3.93	3.37
Total Demand Deposits	64.85%	52.80%
Savings Deposits	30.81	24.45
Other Time Deposits	1.43	.90
Total Time Deposits	32.24%	25.35%
Total Demand and Time Deposits	97.09	78.15
War Loan Deposits	2.91	21.85
Total Deposits	100.00%	100.00%

STATISTICS

Dec. 31, 1946	ASSETS	Dec. 31, 1945
$84,730,000	CASH IN VAULT AND DUE FROM BANKS	$76,578,000
166,401,000	U. S. GOVERNMENT OBLIGATIONS	239,654,000
3,047,000	OTHER BONDS AND SECURITIES	2,735,000
109,144,000	LOANS AND DISCOUNTS	89,828,000
9,316,000	OTHER ASSETS	6,765,000
$372,639,000	TOTAL ASSETS	$415,563,000



Dec. 31, 1946	LIABILITIES	Dec. 31, 1945
$223,696,000	DEMAND DEPOSITS	$207,156,000
111,236,000	TIME DEPOSITS	99,458,000
10,042,000	U.S. GOVERNMENT WAR LOAN ACCOUNT	85,713,000
7,688,000	OTHER LIABILITIES	4,259,000
19,975,000	CAPITAL ACCOUNTS	18,973,000
$372,639,000	TOTAL LIABILITIES	$415,563,000



DIRECTORS

Samuel E. Bool
Cleveland, Ohio

James E. Campbell
President, The Campbell Coal Co.

Geo. S. Cole
Cleveland, Ohio

A. M. Corcoran
Vice President

Benedict Crowell
Chairman, Executive Committee

Howard P. Eells, Jr.
President, Basic Refractories Incorporated

A. H. Ferbert
President, Pittsburgh Steamship Co.

Loring L. Gelbach
President

Waitman C. Given
Vice President

M. C. Harvey
M. C. Harvey & Co.

Herbert C. Jackson
Partner—Pickands Mather & Co.

C. P. Leininger
President, Eagle Laundry, Inc.

J. C. McHannan
Chairman

E. R. Motch, Jr.
President, The Motch & Merryweather Machinery Co.

Sterling Newell
Squire, Sanders & Dempsey

Robert W. Purcell
Vice President and General Counsel,
The Chesapeake & Ohio Railway Company

Robert J. Schmunk
Cleveland, Ohio

W. J. Schoenberger
President, The W. J. Schoenberger Co.

Arthur H. Seibig
Vice Chairman

E. W. Sloan, Jr.
Vice President, The E. W. Oglebay Co.

W. B. Stewart
McKeehan, Merrick, Arter & Stewart
and George William Cottrell

R. J. Wean
President and Treasurer,
The R. J. Wean Engineering Co., Warren, Ohio

C. A. Wilkinson
Vice President

Myron H. Wilson, Jr.
Partner—Wilson, McBride & Co.

Alexander T. Wood
Vice President, The Wilson Transit Co.

OFFICERS

Chairman
John C. McHannan

Chairman Executive Committee
Benedict Crowell

Vice Chairman
Arthur H. Seibig

President
Loring L. Gelbach

GENERAL BANKING

Vice President
Charles L. Corcoran

Vice President
Waitman C. Given

Vice President
Robert J. Izant

LOAN ADMINISTRATION

F. C. Schlundt, *Vice President*

REAL ESTATE MORTGAGE LOANS—DIVISION A

W. E. Roe, *Vice President*
John Fish, *Asst. Vice President*
H. C. Goss, *Asst. Vice President*
H. H. Juergens, *Asst. Cashier*
R. W. Knipper, *Asst. Cashier*

COMMERCIAL BANKING

DIVISION B

H. R. Harris, *Vice President*
Carl R. Lee, *Vice President*
H. W. Parsons, *Asst. Vice President*
R. S. Strong, *Asst. Cashier*

DIVISION C

J. M. Killpack, *Vice President*
O. A. Kuhl, Jr., *Vice President*
W. E. Caldwell, Jr., *Vice President*
C. W. Carlson, *Asst. Vice President*
M. J. Hartman, *Asst. Vice President*

DIVISION D

F. M. Horton, *Vice President*
C. H. Martin, *Vice President*
H. W. Horton, *Vice President*
E. L. Carpenter, *Asst. Vice President*

CONSUMER CREDIT—DIVISION E

J. J. Holland, *Vice President*

FOREIGN DIVISION—DIVISION F

O. L. Carlton, *Vice President*
J. F. Schreier, *Asst. Vice President*

TRUST DEPARTMENT

A. M. Corcoran, *Vice President*

ESTATES TRUST

A. C. Knight, *Vice President*
J. P. Hance, *Vice President*
R. B. Whitney, *Trust Officer*
W. A. Hiles, *Asst. Vice President*
H. A. Minnich, *Asst. Vice President*
C. G. Rodgers, *Asst. Trust Officer*
W. G. Stoll, *Asst. Trust Officer*
Bruce Whidden, *Asst. Trust Officer*

TAX DEPARTMENT . . . . C. H. Braley, *Manager*

CORPORATE TRUST

Warner C. Cole, *Vice President*
Anthony Poss, *Trust Officer*
William C. Way, *Trust Officer*

LEGAL DEPARTMENT

L. F. Laylin, *Vice President*
W. T. Smith, *Assistant Counsel*

INVESTMENTS

C. M. Colyer, *Vice President*

RESEARCH DEPARTMENT

R. H. Metzner, *Vice President*

SAVINGS DEPARTMENT

W. H. Quayle, *Manager*

A. Paul Thompson, *Cashier*
W. P. Abbott, *Vice President*
J. L. Carlson, *Asst. Cashier*
M. W. Moran, *Asst. Cashier*
R. C. Huelsman, *Comptroller*
A. E. Staley, *Auditor*

BRANCH OFFICES

Main Office

308 Euclid Avenue

United Office

2000 West 25th Street

Vice President

C. A. Wilkinson

Asst. Cashiers

C. W. Deutsch
Alvin D. Heil

* * *

Playhouse Square

1612 Euclid Avenue

Asst. Vice President

D. A. Berardi

Asst. Cashier

A. J. Mampel

HEADQUARTERS
Time Credit Department
Personal Loan Division
Time Sales Division

* * *

Rockefeller Office

612 Superior Ave., N. W.

Asst. Vice President

G. R. Wyman

Asst. Cashier

W. G. Kirkwood

* * *

Kenmore Office

St. Clair Ave. at East 140th St.

Manager

R. S. Wilson

Doan Office

Euclid Ave. at East 101st St.

Asst. Vice President

D. D. Scott

* * *

Oul Office

Broadway at East 55th Street

Asst. Vice President

John H. Bonnar

Asst. Manager

A. A. Penkalski

* * *

Coventry Office

Coventry & Lancashire Roads
Cleveland Heights

Asst. Cashier

L. O. Bond

* * *

Buckeye Road Office

Buckeye Road & E. 118th Street

Asst. Cashier

A. M. Rose

* * *

Lorain-Denison Office

10034 Lorain Avenue

Manager

J. L. Graf

* * *

Chardon Office

Chardon, Ohio

Asst. Cashier

Wilson W. Smith

* * *

Chagrin Falls Office

Chagrin Falls, Ohio

Asst. Cashier

R. E. Warnes

Description of the Banking and Trust Services of Central National Bank

1

DEPOSITS

CHECKING ACCOUNTS

For personal use and for the general and specialized needs of all types of business. No minimum balance is required. The extent to which the account is used determines the amount of the service charge.

SAVINGS ACCOUNTS

A time-tested and accepted manner of providing a cash reserve for the future. Central National's Earmarked Savings Plan assists the depositor to save systematically for a specific objective.

2

LOANS

COMMERCIAL LOANS

Long and short term lines of credit for business and industry. Commercial loans are one of the primary lending functions of Central National Bank. This type of credit supplements vital working capital for large and small businesses.

COLLATERAL LOANS

The secured or collateral loan further increases the scope of the bank's extension of credit to industry. Provided for the same general purposes and benefits as the regular commercial loan, it is based upon the borrower's pledging of marketable securities.

PERSONAL LOANS

Loans for emergencies, for making worth-while purchases or for consolidating old bills. Each loan obligation is set up for a specific period, and discharged by equal monthly installments.

DEALER FINANCING

An arrangement with dealers whereby Central National finances the time sales of such durable goods as automobiles, furniture and appliances. Prompt bank financing gives the merchant an important selling tool and frees him from bothersome bookkeeping and collections. Purchasers may request Central National Bank financing when dealer does not offer this service.

HOME IMPROVEMENT LOANS

Time credit financing for repairing, remodeling or modernizing homes. Includes loans for such jobs as storm windows, new sidewalks, painting or redecorating.

SMALL BUSINESS LOANS

Businessmen not using the commercial or collateral loan departments of the bank may secure helpful credit based upon such items as accounts receivable, machinery, inventories and equipment.

LIFE INSURANCE LOANS

Loans secured by the cash surrender value of policies owned by the borrower. Often used to refinance existing life insurance loans at attractive savings. Convenient terms of repayment at economical rates of interest.

REAL ESTATE LOANS

Mortgage or real estate loans can be provided for the home builder and buyer on regular bank, F.H.A. or G.I. terms. Assistance in obtaining the most suitable type of loan can be secured through our Real Estate Department.

WAREHOUSE LOANS

A specialized form of credit that converts into cash, capital invested in inventories of finished or processed goods. Stored goods need not be on the borrower's premises.

COMMODITY LOANS

A form of Warehouse Loan based upon staple commodities such as ore, grain or wheat. Benefits the manufacturer having large sums of money invested in raw materials.

EQUIPMENT LOANS

Loans for the purchase of such special machinery and equipment as steam shovels, bulldozers, display counters and busses needed by contractors, merchants and operators . . . the purchased items serve as security.

3

TRUSTS

ESTATES TRUSTS

The bank serves as executor or administrator of estates; trustee under living trusts or under will; guardian of property of minors or others; trustee of life insurance trusts, agent for individuals, executors and institutions in handling of investments.

CORPORATE TRUSTS

The bank acts as trustee under pension and profit-sharing plans; trustee and fiscal agent for bond and note issues; transfer agent and registrar, or either, of capital stock; dividend paying agent; trustee for land trust certificate issues, depository for bonds or stocks under capital readjustment; custodian of funds under agreements; trustee of property insurance under leases.

4

FOREIGN TRANSACTIONS

FOREIGN EXCHANGE

World-wide service and protection for customers' interests in the transmission of debits and credits to and from the currencies of all countries.

LETTERS OF CREDIT

Providing the traveler here or abroad with a prompt method of establishing and drawing upon his credit; for expenses, purchases and other forms of cash outlay. Highly protective and immediately acceptable for both personal and business use.

5

SERVICES

TRAVELERS CHECKS

Enabling the traveler on business or pleasure to carry funds in complete safety and in a form that is easily changed into the money of any country.

FOREIGN TRADE

Up-to-the-minute information and helpful guidance to businessmen wishing to enter, renew or broaden their participation in the export-import field.

REAL ESTATE ESCROWS

A protective service for both buyer and seller of real estate, whereby the signed sales agreement and the monetary consideration to be paid are deposited with the bank. Title is delivered to the buyer and purchase price or other consideration to the seller, when the respective terms of the agreement have been fulfilled by each party.

COLLECTIONS

Prompt returns are made on collections of checks, notes, trade acceptances, drafts, bills of lading and similar items due and payable at distant or local points.

SAFE DEPOSIT

Rental of various size boxes for the safekeeping of securities, jewelry, important papers and similar valuables.

SAFEKEEPING

Bank vault protection for customers' securities deposited under official receipt. A service provided to individuals, businesses and other banks. It may include the collection of dividends and clipping and cashing of coupons for deposit directly to specified accounts.

SECURITY TRANSACTIONS

Carrying out customers' orders for the purchase of stocks and bonds. The bank also acts as an issuing agent for E bonds and will execute purchase orders for other types of U. S. Government securities.

BANK MONEY ORDERS

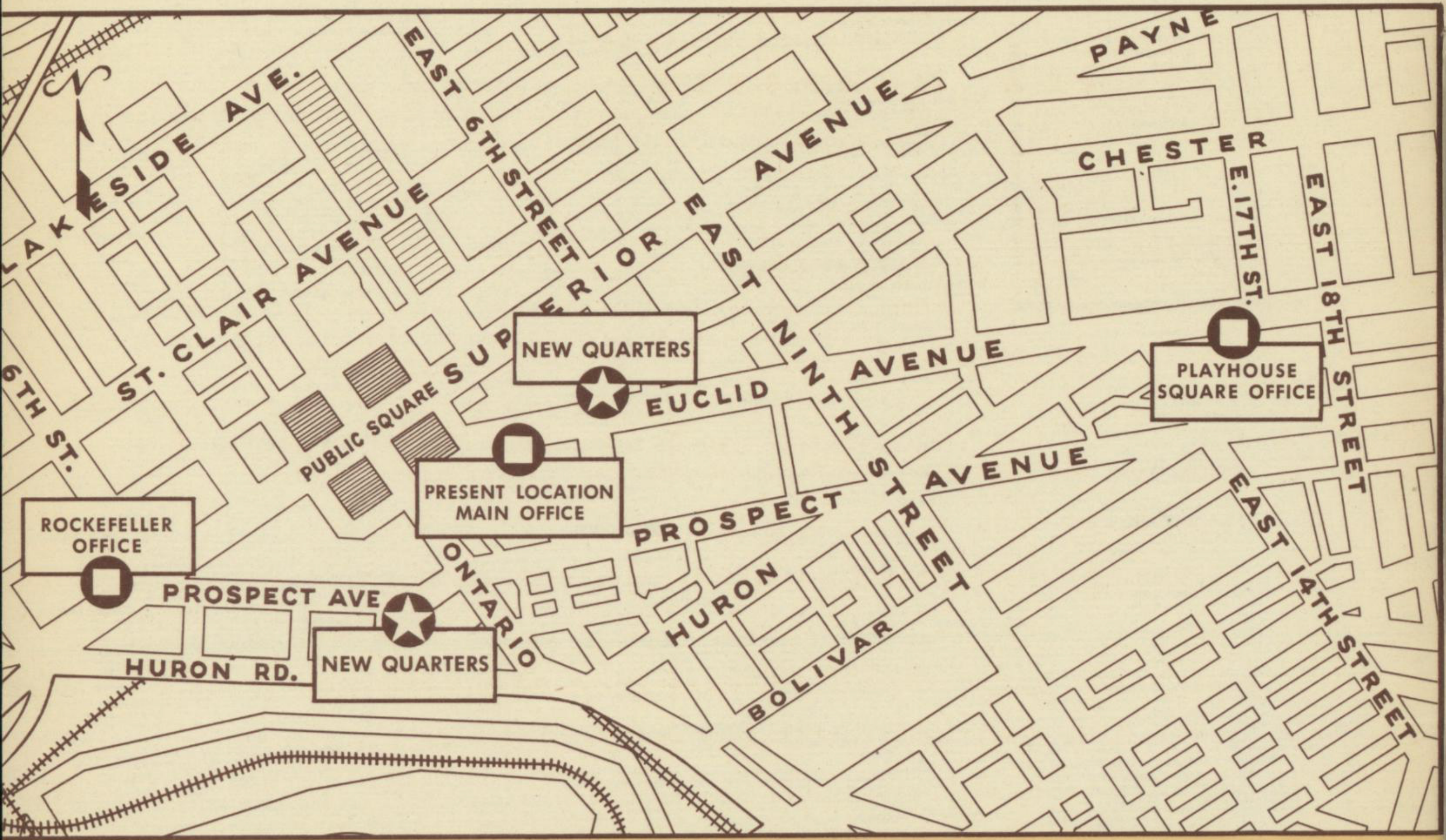
A safe and inexpensive way to mail funds. Available at the bank, bank money orders may be cashed anywhere.

UTILITY BILL PAYMENT

Electricity, gas and water bills may be paid conveniently at any Central National Bank office.

BANK BY MAIL

Special forms and envelopes are available for making deposits to commercial or savings accounts by mail. A timesaving method which provides an acknowledgment of each deposit and additional material for the next bank by mail deposit.


LAKESIDE AVE.
EAST 6TH STREET
PAYNE
AVENUE
CHESTER
E. 17TH ST.
EAST 18TH STREET
ST. CLAIR AVENUE
SUPERIOR
EAST NINTH STREET
6TH ST.
PUBLIC SQUARE
NEW QUARTERS
EUCLID AVENUE
PLAYHOUSE SQUARE OFFICE
PRESENT LOCATION MAIN OFFICE
PROSPECT AVENUE
ROCKEFELLER OFFICE
PROSPECT AVE
ONTARIO
HURON
EAST 14TH STREET
NEW QUARTERS
HURON RD.
BOLIVAR

DOWNTOWN CLEVELAND

showing present and future locations of Central National Bank Offices

OUR NEW QUARTERS

On September 20, 1946, directors and officers of Central National announced plans to establish two new offices in the center of the city. These are to replace the bank's present main office at 308 Euclid Avenue . . . the building having been sold as the first step in acquiring space better suited to the present and future requirements of our customers and our departments.

One office, as headquarters, will occupy the banking space in the Midland Building in the Union Terminal group on Prospect Avenue, N. W., at West 2nd Street. The other, to be known as the Euclid Avenue Office, will be housed in a new building to be erected by the bank at 509 Euclid Avenue.

Leases for both locations are for a period of 30 years. Operations at the present main office location will be continued until plans for moving are completed.

CENTRAL NATIONAL BANK OF CLEVELAND

CLEVELAND 1, OHIO